

State of Missouri  
Office of Secretary of State

Case No. AP-07-24

IN THE MATTER OF:

CHARLES D. WOMBLE,  
CRD No. 2519446

*Respondent.*

Serve at:

308 Noonan Drive  
Pacific, Missouri 63069

**ORDER TO SHOW CAUSE WHY RESPONDENT SHOULD  
NOT BE CENSURED AND WHY CIVIL PENALTIES SHOULD  
NOT BE IMPOSED**

On May 15, 2007, the Enforcement Section of the Securities Division of the Office of Secretary of State, through its Chief Enforcement Counsel, Lori Neidel, submitted a Petition for Order to Censure and Order to Show Cause Why Civil Penalties and Costs Should Not Be Imposed. After reviewing the petition, the Commissioner issues the following Findings of Fact, Conclusions of Law, and Order:

**I. FINDINGS OF FACT**

1. Charles D. Womble ("Womble") is a registered representative with Securities America Inc. ("SAI"), and has a business address of 308 Noonan Drive, Pacific, Missouri 63069. Womble is registered in the state of Missouri as a representative of SAI through the Central Registration Depository System ("CRD") with CRD #519446.
2. As used herein the term "Respondent" refers to Womble.
3. SAI is a Missouri registered broker-dealer with a business address of 308 Noonan Drive, Pacific, Missouri 63069. SAI is registered in the state of Missouri through the CRD with CRD #10205.
4. On or about January 11, 2007, representatives of the Securities Division (the "Division") conducted a routine audit at the office of Nicklas Financial Companies ("Nicklas Financial").[\[1\]](#) Nicklas Financial offers business and professional advice on insurance, benefit plans, and investments. Securities America is the broker-dealer for Nicklas Financial.
5. During the Division's routine audit of Nicklas Financial, representatives of the Division reviewed certain files and discovered, among other things, that Womble was

placed on heightened supervision for “reproducing a client signature,” specifically for “cutting and pasting” a client signature onto a document.

6. An investigation conducted by the Division revealed that a Missouri Resident (“MR”), who is a customer of Womble and whose account had been managed in a broker-dealer capacity by Walnut Street Securities<sup>[2]</sup> since approximately 2000, on or about November 16, 2005, received a letter from Womble stating, among other things, the following:

In an attempt to provide you with the best service and technology possible, our group of more than 30 associates is now providing services to you through Securities America. We have ended our long association with Walnut Street Securities.

A through [sic] due diligence was completed over the past eight months . . . We are confident we can provide a better product and service for you in the future thru Securities America. Our change will increase our ability to serve you and provide more information and access to your account.

Please review the information in the enclosed packet and change anything that needs correcting. Once completed, sign where indicated and return so that we may update our files.

Feel free to call if you have any questions or would like to discuss.

Sincerely,  
By: Charles Womble /s/  
Printed Name: Charles Womble  
Title: Registered Representative

7. On or about February 14, 2007, the Division sent a letter addressed to SAI and Womble requesting additional information on the transfer.
8. On or about February 26, 2007, SAI responded to the Division’s February 14, 2007, letter. In that response, SAI included a copy of the Account Transfer Form (the “Form”) that Womble, on or about March 2006, submitted to SAI. <sup>[3]</sup>
9. The Division’s investigation revealed that Womble sent MR various document(s) for a signature to transition MR’s account from Walnut Street Securities to SAI. MR returned the document(s) to Womble on two occasions but without the required signatures. Womble obtained MR’s signature from one document and physically transferred it onto the Form.
10. An internal audit conducted by a representative of SAI revealed that Womble falsified or altered a client signature on the Form. As a result of this internal audit, SAI sent a letter to Womble dated April 21, 2006, that stated, among other things, the following:

Regional Supervision has concluded its internal investigation into the matter concerning the falsification/alteration of documents. In doing so, you have violated SAI policy, as well as NASD and SEC rules and regulations. This is not a matter that is taken lightly by SAI. Your

Office of Supervisory Jurisdiction in conjunction with the Regional Supervision Department has determined that the following action is necessary.

You are being placed on a Heightened Supervision Plan (“HSP”). This plan consists of the following conditions:

- Letter of Warning issued by SAI
- Fined \$3,000.00 payable to SAI
- Immediate completion of a thorough file audit conducted by John Anderson, Acting Principal, at NEC’s expense<sup>[4]</sup>
- All original paperwork must be submitted through the OSJ office. Only originals signed by the customer in colored (except black) ink will be accepted
- Additional CE, at the expense of NEC, will be assigned by the OSJ office
- You must attest that you have re-read the Compliance Manual within 30 days of this agreement
- The OSJ will conduct monthly visits to your office. At these visits, additional training will be administered and spot audits could be conducted
- The OSJ will conduct at least one surprise audit during the 12 months following the agreement
- This agreement doesn’t have an expiration date. It will be in effect for a minimum of 24 months and will continue until the OSJ branch feels it is time to discontinue the HSP.

This plan is subject to change pending future results of the immediate.

Please sign in the space provided attesting to your understanding of the above Heightened Supervision Plan.

11. In a letter dated June 6, 2006, Womble submitted a letter to a Compliance Specialist with the NASD stating, among other things, the following:

During the last eight months, we have transitioned our clients from Walnut Street Securities to Securities America. Moving more than 800 accounts was an arduous, difficult and time-consuming task. In this process, a long time client was sent paperwork and upon returning it, he had not signed all of the forms. The forms were returned to him on two different occasions, each time for additional signature.

Upon completion of the paperwork, a signature was left off a transfer form. We had his signature on file and in order to speed up the process

on the account, we submitted a copy of his signature to complete the process. This was a mistake and should not have been done. In the many years of doing business, I have always acquired original signatures. I realize that all paperwork must have original signatures and I can assure you that this circumstance will not rise again.

Sincerely,

By: Charles Womble /s/

Printed Name: Charles Womble

12. MR was interviewed by an investigator with the Securities Division. MR was asked if MR had given Womble the authority to sign MR's name. MR stated that no such authority was given.
13. The investigator asked MR if MR had known that Womble had falsified the Form. MR stated that he had no knowledge of this occurrence until the interview with the investigator. The Division's investigation revealed that neither SAI nor Womble notified MR that his signature had been falsified.
14. Section 409.1-102(1), RSMo. (Cum. Supp. 2006), defines an "agent" as "an individual, other than a broker-dealer, who . . . represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities."
15. Section 409.4-412(c), RSMo. (Cum. Supp. 2006), states in part: "If the commissioner finds that the order is in the public interest and subsection (d)(1) to (6), (8), (9), (10), or (12) and (13) authorizes the action, an order under this act may censure, impose a bar, or impose a civil penalty in an amount not to exceed a maximum of five thousand dollars for a single violation or fifty thousand dollars for several violations on a registrant . . . ."
16. Section 409.4-412(d)(13), RSMo. (Cum. Supp. 2006), states that,

"A person may be disciplined under subsections (a) to (c) if the person . . . .

Has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous ten years;
17. The Missouri Code of State Regulations, 15 CSR 30-51.170(1)(T), provides that the grounds for the discipline or disqualification of broker-dealers or agents shall include, in addition to other grounds, "dishonest or unethical practices in the securities business" that include:

Effecting any transaction in, or inducing the purchase or sale of, any security by means of any manipulative, deceptive or fraudulent device, practice, plan, program, design or contrivance.
18. Section 409.4-412(g), RSMo. (Cum. Supp. 2006), states that no order may be issued under Section 409.4-412, RSMo. (Cum. Supp. 2006), until appropriate notice has been provided to the registrant, the registrant has been provided an opportunity for a hearing, and findings of fact and conclusions of law have been entered in a record.

19. This order is in the public interest, is consistent with the purposes intended by the Missouri Securities Act of 2003, and is authorized by Section 409.4-412(d)(13), RSMo., (Cum. Supp. 2006).

## **II. CONCLUSIONS OF LAW**

### **Agent's Dishonest or Unethical Practices as Grounds for Censure and Civil Penalty**

20. Paragraphs 1 through 19 are incorporated by reference as though fully set forth herein.
21. Respondent committed an unethical business practice when he falsified the Form by submitting a non-original copy of MR's signature without authority to do so.
22. Respondent's falsification of the Form is a dishonest or unethical practice under MO 15 CSR 30-51.170(1)(T).
23. Respondent's actions described above are a violation of Section 409.4-412(d)(13), and grounds for discipline and a civil penalty under Section 409.4-412(c), RSMo. (Cum. Supp. 2006).

## **III. ORDER**

**NOW, THEREFORE**, it is hereby ordered that:

- A. Pursuant to Section 409.4-412(c), RSMo. (Cum. Supp. 2006), the Commissioner will determine whether to censure Respondent for violation of Section 409.4-412(d)(13), RSMo. (Cum. Supp. 2006), in a final order unless Respondent requests a hearing and shows cause why such censure should not be issued.
- B. Pursuant to Section 409.4-412(c), RSMo. (Cum. Supp. 2006), the Commissioner will determine whether to grant the Enforcement Division's petition for an imposition of a civil penalty of up to five thousand dollars against the Respondent for violation of Section 409.4-412(d)(13), RSMo. (Cum. Supp. 2006), in a final order, unless Respondent requests a hearing and shows cause why the penalty should not be imposed.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 22<sup>ND</sup> DAY OF MAY, 2007.

State of Missouri  
Office of Secretary of State

ROBIN CARNAHAN  
SECRETARY OF STATE

(Signed/Sealed)  
MATTHEW D. KITZI  
COMMISSIONER OF SECURITIES

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CHARLES D. WOMBLE,  
CRD No. 2519446

*Respondent.*

Serve at:

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### NOTICE

**TO: Respondents and any unnamed representatives aggrieved by this Order:**

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo. (Cum. Supp. 2006), and 15 CSR 30-55.020.

A request for a hearing must be mailed or delivered, in writing, to:

**Matthew D. Kitz, Commissioner of Securities  
Office of the Secretary of State, Missouri  
Kirkpatrick State Information Center  
600 West Main Street, Room 229  
Jefferson City, Missouri, 65102.**

### CERTIFICATE OF SERVICE

I hereby certify that on this 22<sup>nd</sup> day of May, 2007, a copy of the foregoing Order and Notice filed in the above styled case was mailed by certified U.S. Mail, postage prepaid to Respondents at the below listed addresses.

Charles D. Womble, CRD No. 2519446  
308 Noonan Drive  
Pacific, Missouri 63069

**and by hand delivery to:**

Lori J. Neidel  
Chief Enforcement Counsel  
Missouri Securities Division

John Hale  
Specialist

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[1] Nicklas Financial Companies is located at 3407 Knipp Drive, Jefferson City, Missouri 65109.

[\[2\]](#) In late 2005, Nicklas Financial transferred all of its accounts to SAI.

[\[3\]](#) This Account Transfer Form was to transition the accounts of MR from Walnut Street Securities to SAI.

[\[4\]](#) NEC refers to NEC Insurance, Inc., with a business address of 308 Noonan Drive, Pacific, Missouri 63069.